

**Staff Group Exhibit 1**

ENG 1.7  
ENG 1.8  
ENG 1.9  
ENG 1.10  
ENG 1.18 (Public)  
ENG 1.19  
ENG 1.33  
ENG 1.40 (Public)  
ENG 1.41  
ENG 1.42  
ENG 1.46  
ENG 1.47  
ENG 1.48  
POL 1.07  
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POL 1.14  
POL 1.16  
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POL 1.22

**OFFICIAL FILE**

I.C.C. DOCKET NO. 01-0439

STAFF Group Exhibit No. 1

Witness \_\_\_\_\_

Date 1/17/02 Reporter TR

**Illinois Commerce Commission**

**Docket Number: 01-0439**

**Data Request: ENG 1.7**

**QUESTION:** Provide the last five years of operating and maintenance expenses, and general administrative and overhead expenses attributed to Troy Grove.

**ANSWER:** For the past five fiscal years, operating and maintenance expenses for Troy Grove, excluding the cost of natural gas used to operate Troy Grove equipment and facilities, were as follows:

2000	\$ 1,100,000
1999	1,230,000
1998	1,030,000
1997	1,190,000
1996	1,410,000

The company does not allocate the cost of gas used to operate equipment and facilities, or general administrative and overhead expenses, to its various business units. As such, a five-year cost history for these items is unavailable. The company estimates that the cost of gas used to operate Troy Grove equipment and facilities would be \$1 million assuming a gas price of \$5/Mmbtu. General administrative and overhead expenses attributable to Troy Grove are estimated at \$4.6 million.

**Illinois Commerce Commission**  
**Docket Number: 01-0439**  
**Data Request: ENG 1.8**

**QUESTION:** Provide the methodology NIGAS proposes to utilize to allocate operating and maintenance expenses at Troy Grove between regulated and unregulated operations. Provide a sample calculation using actual expenditures for Troy Grove and the estimated expenditures after the expansion.

**ANSWER:** Nicor Gas proposes to allocate operating and maintenance ("O&M") expenses at Troy Grove using a two-step process. First, to the extent practicable, the company will track fuel and other operating and maintenance expenses by individual piece of equipment, and the company will directly charge the non-public utility business for O&M costs associated with equipment installed in the expansion. Any remaining joint costs of operating and maintaining the Troy Grove facility will be allocated between public and non-public utility business on the basis of top gas capacity. A sample calculation, using actual expenditures for Troy Grove and estimated expenditures after the expansion, follows:

	<u>Total</u>	<u>Public Utility Business</u>	<u>Non-Public Utility Business</u>
Actual 2000			
O&M Expenses (a):			
Direct	\$1,177,000	\$1,177,000	\$ -
Joint	<u>923,000</u>	<u>830,700 (b)</u>	<u>92,300 (b)</u>
	2,100,000	2,007,700	92,300
Estimated O&M			
Expenses Directly			
Related to Expansion:			
Fuel	250,000	-	250,000
Maintenance	<u>75,000</u>	<u>-</u>	<u>75,000</u>
	<u>\$2,425,000</u>	<u>\$2,007,700</u>	<u>\$ 417,300</u>

(a) fuel component is estimated as described in response to ENG 1.7.

(b) based upon the proposed expanded top gas capacity of 48.1 Bcf, comprised of 43.1 Bcf existing regulated capacity (90%), and 5 Bcf of new unregulated capacity (10%).

**Illinois Commerce Commission**

**Docket Number: 01-0439**

**Data Request: ENG 1.9**

**QUESTION:** Provide the methodology NIGAS proposes to utilize to allocate general administrative and overhead charges to Troy Grove between the regulated and unregulated operations. Provide a sample calculation using current allocations for Troy Grove and estimated allocations after the expansion.

**ANSWER:** Nicor Gas proposes to allocate general administrative and overhead costs attributable to Troy Grove between public utility and non-public utility business using the same methodology described for operating and maintenance expenses in response to data request ENG 1.8.

General administrative and overhead costs are not currently charged to Troy Grove. A sample allocation of estimated general administrative and overhead costs attributable to Troy Grove after the expansion follows:

	<u>Total</u>	<u>Public Utility Business</u>	<u>Non-Public Utility Business</u>
Estimated General Administrative and Overhead Expenses Attributable to Troy Grove:			
Direct	\$1,750,000 (a)	\$1,750,000	\$ -
Joint	<u>2,850,000</u>	<u>2,565,000 (a)</u>	<u>285,000 (a)</u>
	4,600,000	4,315,000	285,000
Estimated GA&O Expenses Directly Related to Expansion (b)	<u>900,000</u>	<u>-</u>	<u>900,000</u>
	<u>\$5,500,000</u>	<u>\$4,315,000</u>	<u>\$1,185,000</u>

(a) based upon the proposed expanded top gas capacity of 48.1 Bcf, comprised of 43.1 Bcf existing regulated capacity (90%), and 5 Bcf of new unregulated capacity (10%).

(b) includes primarily depreciation

**Illinois Commerce Commission**

**Docket Number: 01-0439**

**Data Request: ENG 1.10**

**QUESTION:** Provide the methodology NIGAS proposes to utilize to allocate general administrative and overhead expenses for providing the proposed storage service for support services such as dispatching accounting, billing, etc. Provide a sample calculation using estimated expenses.

**ANSWER:** Administrative and overhead expenses for providing the proposed storage and support services will be charged to unregulated operations on the basis of hours directed toward the new service. A sample calculation using estimated expenses follows:

<u>Department</u>	<u>Estimated Annual Hrs.</u>	<u>Fully Distributed Cost Per Hr.</u>	<u>Pre-tax Amount Charged to Unregulated Operations</u>
Sales	40	\$ 78	\$ 3,120
Billing	12	44	528
Nominations	12	44	528
Accounting	6	32	192
			<u>\$ 4,368</u>

**NORTHERN ILLINOIS GAS COMPANY d/b/a NICOR GAS COMPANY  
RESPONSE TO:  
ILLINOIS COMMERCE COMMISSION  
DATA REQUEST  
DOCKET NO. 01-0439**

- ENG 1.18    Q.    Provide a copy of the conditional agreement with one nonaffiliated marketer to provide 3.5 Bcf of storage service for a term of five years, as referenced in the filing.
- ENG 1.18    A.    The attached agreement is being provided to Staff on a confidential basis.

**NORTHERN ILLINOIS GAS COMPANY d/b/a NICOR GAS COMPANY**

**RESPONSE TO:  
ILLINOIS COMMERCE COMMISSION  
DATA REQUEST  
DOCKET NO. 01-0439**

ENG 1.19     Q.     Provide actual detailed capital expansion costs for the Volo/Troy Grove project by major equipment/item category (Docket No. 94-0029). Break capital expenses down between physical plant items and non-recoverable base gas.

ENG 1.19     A.     See attached Exhibit 1.

**Nicor Gas Company  
Elgin-Volo Project  
Direct Cost Analysis**

Workorder	Asset Record	Description	Cost
102067	49676,49677	Compressor	\$ 4,848,298.16
102068	52194,52371	Dehydration Unit	\$ 2,921,110.06
105638	85970,85971,85973	Install 36" pipe	\$ 31,241,099.43
105639	85968,85967	Install 36" Troy Grove loop	\$ 13,733,733.74
105640	59695	Regulating equipment	\$ 1,067,165.58
105649	60022,60193	Two Stations	\$ 852,950.75
179421	55266-55270	Edison easement	\$ 7,352,679.54
179422	87693	Land	\$ 179,467.70
179423	87705	Troy Grove Loop Easements	\$ 394,802.40
179424	53940	Land	\$ 15,747.50
			<u>\$ 62,607,054.86</u>

**Notes---****Compressor**

49676	\$ 4,129,792.24
88243( retire 49676)	\$ 138,606.11
88366( retire 49676)	\$ 224,079.88
88699( retire 49676)	\$ 127,725.53
49677	\$ 228,094.40
	<u>\$ 4,848,298.16</u>

**Dehydration Unit**

52194	\$ 2,321,110.06
52371	\$ 600,000.00
	<u>\$ 2,921,110.06</u>

**Install 36" pipe**

85970	\$ 26,634,524.99
85971	\$ 606,574.44
85973	\$ 4,000,000.00
	<u>\$ 31,241,099.43</u>

**Install 36" Troy Grove loop**

85968	\$ 13,687,334.28
85967	\$ 46,399.46
	<u>\$ 13,733,733.74</u>

**Two Stations**

60022	\$ 426,475.37
60193	\$ 426,475.38
	<u>\$ 852,950.75</u>

**Edison easement**

55266	\$ 6,952.67
55267	\$ 68,635.52
55268	\$ 35,976.42
55269	\$ 50,271.19
55270	\$ 7,190,843.74
	<u>\$ 7,352,679.54</u>



NORTHERN ILLINOIS GAS COMPANY d/b/a NICOR GAS COMPANY  
RESPONSE TO:  
ILLINOIS COMMERCE COMMISSION  
DATA REQUEST  
DOCKET NO. 01-0439

ENG 1.33      Q.      Nicor is currently required to account for all revenues generated by off-system storage services as a credit to gas supply costs. Please provide a complete accounting of these credits for the last five calendar years.

ENG 1.33      A.      The following is the credit to gas supply cost from off system storage services.

2001 (YE EST)	\$ 1,049,142.90
2000	\$ 1,085,001.00
1999	\$ 1,669,852.00
1998	\$ 1,396,154.00
1997	\$ 1,334,620.00

Responsible Party:      Lonnie W. Upshaw.

**NORTHERN ILLINOIS GAS COMPANY d/b/a NICOR GAS COMPANY**  
**RESPONSE TO:**  
**ILLINOIS COMMERCE COMMISSION**  
**DATA REQUEST**  
**DOCKET NO. 01-0439**

ENG 1.40      Q.      Please provide all correspondence, documents and memorandums that relate to the leasing or marketing of the proposed expansion storage services for Troy Grove.

ENG 1.40      A.      See attached. Please note that certain attached documents should be considered confidential.

Responsible Party:      Lonnie W. Upshaw

**From:** Mark Rueff  
**To:** INET:arthur\_primeau@cargill.com  
**Date:** Wed, Jan 24, 2001 8:53 AM  
**Subject:** Troy Grove Expansion term sheet

**From:** Mark Rueff  
**To:** INET:cary.m.carrabine@enron.com  
**Date:** Thu, Jan 25, 2001 2:28 PM  
**Subject:** Troy Grove Expansion

Attached is the term sheet we discussed this afternoon. I would need a preliminary number ASAP.

Thanks,

Mark

**From:** Mark Rueff  
**To:** INET:mark.kissel@kindermorgan.com  
**Date:** Mon, Jan 29, 2001 1:08 PM  
**Subject:** Troy Grove Term Sheet

Attached is a term sheet outlining our proposed expansion project. As we discussed this afternoon, I believe there is value in making deliveries to multiple points. Hopefully, you will find some value so we can close some joint projects.

If you have any questions, let me know.

Regards,

mark

**From:** Mark Rueff  
**To:** INET:mark\_kissel@kindermorgan.com  
**Date:** Mon, Jan 29, 2001 1:15 PM  
**Subject:** Troy Grove Term Sheet

Attached is a term sheet outlining our proposed expansion project. As we discussed this afternoon, I believe there is value in making deliveries to multiple points. Hopefully, you will find some value so we can close some joint projects.

If you have any questions, let me know.

Regards,

mark

**From:** Mark Rueff  
**To:** INET:kbradley@reliantenergy.com  
**Date:** Thu, Mar 8, 2001 3:19 PM  
**Subject:** Nicor Gas Troy Grove Expansion

John Nowak asked that I forward a copy of our expansion term sheet. We are in the process of negotiating contracts for this service. If you have interest, please let give me a call at (630)983-8676 x2503. I look forward to further discussions on this project.

Regards,

Mark Rueff  
Manager Hub Services

**From:** Mark Rueff  
**To:** INET:CKELLEY@ONEOK.COM  
**Date:** Fri, Feb 2, 2001 10:10 AM  
**Subject:** Troy Grove Expansion Contracts

Thank you for our preliminary bid on Nicor's Troy Grove Expansion Project. You have been chosen as a finalist in the bid process. Attached are two files containing draft contracts for the storage and transportation services, as well as, the latest version of our FERC Tarrif.

Nicor would like you to review the contracts and submit your final bid for this service by February 14 . We would like to see both 5 year and 10 year bids. Bids will be subject to regulatory approval by the Illinois Commerce Commission.

If you have any questions, please call be at (630)983-8676 x2503. Again, thanks for your interest in our expansion. Your business is greatly appreciated.

Mark Rueff  
Manager Hub Services



**From:** Mark Rueff  
**To:** INET:jmccord@pcenergy.com  
**Date:** Fri, Feb 2, 2001 10:11 AM  
**Subject:** Troy Grove Expansion Contracts

Thank you for our preliminary bid on Nicor's Troy Grove Expansion Project. You have been chosen as a finalist in the bid process. Attached are two files containing draft contracts for the storage and transportation services, as well as, the latest version of our FERC Tarrif.

Nicor would like you to review the contracts and submit your final bid for this service by February 14 . We would like to see both 5 year and 10 year bids. Bids will be subject to regulatory approval by the Illinois Commerce Commission.

If you have any questions, please call be at (630)983-8676 x2503. Again, thanks for your interest in our expansion. Your business is greatly appreciated.

Mark Rueff  
Manager Hub Services

**From:** Mark Rueff  
**To:** INET:bmcc@dynegy.com, INET:t.J.Wolf@dynegy.com  
**Date:** Fri, Feb 2, 2001 10:14 AM  
**Subject:** Troy Grove Expansion Contracts

Thank you for our preliminary bid on Nicor's Troy Grove Expansion Project. You have been chosen as a finalist in the bid process. Attached are two files containing draft contracts for the storage and transportation services, as well as, the latest version of our FERC Tarrif.

Nicor would like you to review the contracts and submitt your final bid for this service by February 14 . We would like to see both 5 year and 10 year bids. Bids will be subject to regulatory approval by the Illinois Commerce Commission.

If you have any questions, please call be at (630)983-8676 x2503. Again, thanks for your interest in our expansion. Your business is greatly appreciated.

Mark Rueff  
Manager Hub Services

**From:** Mark Rueff  
**To:** INET:bmcc@dynegy.com, INET:Tom.J.Wolf@dynegy.com  
**Date:** Fri, Feb 2, 2001 10:15 AM  
**Subject:** Troy Grove Expansion Contracts

Thank you for our preliminary bid on Nicor's Troy Grove Expansion Project. You have been chosen as a finalist in the bid process. Attached are two files containing draft contracts for the storage and transportation services, as well as, the latest version of our FERC Tarrif.

Nicor would like you to review the contracts and submitt your final bid for this service by February 14 . We would like to see both 5 year and 10 year bids. Bids will be subject to regulatory approval by the Illinois Commerce Commission.

If you have any questions, please call be at (630)983-8676 x2503. Again, thanks for your interest in our expansion. Your business is greatly appreciated.

Mark Rueff  
Manager Hub Services

Docket #01-0439  
Attachment ENG 1.40

**From:** Mark Rueff  
**To:** INET:B.CULLER@ET.PGE.COM  
**Date:** Fri, Feb 2, 2001 10:22 AM  
**Subject:** Troy Grove Expansion Contracts

Thank you for our preliminary bid on Nicor's Troy Grove Expansion Project. You have been chosen as a finalist in the bid process. Attached are two files containing draft contracts for the storage and transportation services, as well as, the latest version of our FERC Tarrif.

*Nicor would like you to review the contracts and submit your final bid for this service by February 14 . We would like to see both 5 year and 10 year bids. Bids will be subject to regulatory approval by the Illinois Commerce Commission.*

If you have any questions, please call me at (630)983-8676 x2503. Again, thanks for your interest in our expansion. *Your business is greatly appreciated.*

Mark Rueff  
Manager Hub Services

**From:** Mark Rueff  
**To:** INET:robert.culler@neg.pge.com  
**Date:** Fri, Feb 2, 2001 12:56 PM  
**Subject:** Troy Grove Expansion Contracts

Thank you for our preliminary bid on Nicor's Troy Grove Expansion Project. You have been chosen as a finalist in the bid process. Attached are two files containing draft contracts for the storage and transportation services, as well as, the latest version of our FERC Tarrif.

Nicor would like you to review the contracts and submitt your final bid for this service by February 14 . We would like to see both 5 year and 10 year bids. Bids will be subject to regulatory approval by the Illinois Commerce Commission.

If you have any questions, please call be at (630)983-8676 x2503. Again, thanks for your interest in our expansion. Your business is greatly appreciated.

Mark Rueff  
Manager Hub Services

**From:** Mark Rueff  
**To:** INET:bmcc@dynegy.com, INET:Tom.J.Wolf@dynegy.com  
**Date:** Fri, Feb 2, 2001 12:56 PM  
**Subject:** Troy Grove Expansion Contracts

Thank you for our preliminary bid on Nicor's Troy Grove Expansion Project. You have been chosen as a finalist in the bid process. Attached are two files containing draft contracts for the storage and transportation services, as well as, the latest version of our FERC Tarrif.

Nicor would like you to review the contracts and submit your final bid for this service by February 14 . We would like to see both 5 year and 10 year bids. Bids will be subject to regulatory approval by the Illinois Commerce Commission.

If you have any questions, please call be at (630)983-8676 x2503. Again, thanks for your interest in our expansion. Your business is greatly appreciated.

Mark Rueff  
Manager Hub Services

**From:** Mark Rueff  
**To:** INET:kgmarchinda@midamerican.com  
**Date:** Fri, Feb 2, 2001 9:57 AM  
**Subject:** Troy Grove Expansion Contracts

Thank you for our preliminary bid on Nicor's Troy Grove Expansion Project. You have been chosen as a finalist in the bid process. Attached are two files containing draft contracts for the storage and transportation services, as well as, the latest version of our FERC Tarrif.

Nicor would like you to review the contracts and submit your final bid for this service by February 14 . We would like to see both 5 year and 10 year bids. Bids will be subject to regulatory approval by the Illinois Commerce Commission.

If you have any questions, please call me at (630)983-8676 x2503. Again, thanks for your interest in our expansion. Your business is greatly appreciated.

Mark Rueff  
Manager Hub Services

**From:** Mark Rueff  
**To:** INET:SHUPRYRF@BP.COM  
**Date:** Fri, Feb 2, 2001 9:58 AM  
**Subject:** Troy Grove Expansion Contracts

Thank you for our preliminary bid on Nicor's Troy Grove Expansion Project. You have been chosen as a finalist in the bid process. Attached are two files containing draft contracts for the storage and transportation services, as well as, the latest version of our FERC Tarrif.

Nicor would like you to review the contracts and submitt your final bid for this service by February 14 . We would like to see both 5 year and 10 year bids. Bids will be subject to regulatory approval by the Illinois Commerce Commission.

If you have any questions, please call be at (630)983-8676 x2503. Again, thanks for your interest in our expansion. Your business is greatly appreciated.

Mark Rueff  
Manager Hub Services



**From:** Mark Rueff  
**To:** INET:B.CULLER@ET.PGE.COM  
**Date:** Fri, Feb 2, 2001 10:07 AM  
**Subject:** Troy Grove Expansion Contracts

Thank you for our preliminary bid on Nicor's Troy Grove Expansion Project. You have been chosen as a finalist in the bid process. Attached are two files containing draft contracts for the storage and transportation services, as well as, the latest version of our FERC Tarrif.

Nicor would like you to review the contracts and submit your final bid for this service by February 14 . We would like to see both 5 year and 10 year bids. Bids will be subject to regulatory approval by the Illinois Commerce Commission.

If you have any questions, please call me at (630)983-8676 x2503. Again, thanks for your interest in our expansion. Your business is greatly appreciated.

Mark Rueff  
Manager Hub Services

**From:** Mark Rueff  
**To:** INET:bmcc@dynegy.com  
**Date:** Fri, Feb 2, 2001 10:09 AM  
**Subject:** Troy Grove Expansion Contracts

Thank you for our preliminary bid on Nicor's Troy Grove Expansion Project. You have been chosen as a finalist in the bid process. Attached are two files containing draft contracts for the storage and transportation services, as well as, the latest version of our FERC Tarrif.

Nicor would like you to review the contracts and submit your final bid for this service by February 14 . We would like to see both 5 year and 10 year bids. Bids will be subject to regulatory approval by the Illinois Commerce Commission.

If you have any questions, please call be at (630)983-8676 x2503. Again, thanks for your interest in our expansion. Your business is greatly appreciated.

Mark Rueff  
Manager Hub Services

**CC:** INET:tjw@dynegy.com

# FIRM MULTI-CYCLE STORAGE SERVICE AGREEMENT

By this Agreement entered into as of April 1, 2002 by and between Northern Illinois Gas Company, doing business as Nicor Gas Company ("Nicor" or "Transporter") and ABC Company ("ABC" or "Shipper"), Nicor and ABC agree as follows:

## 1. Storage and Transportation Service.

- a. Nicor shall provide a firm storage service to ABC subject to the following. Subject to the limitations set forth in Section 4, this service shall cover firm storage service injections of up to 100,000 MMBtu per day and withdrawals of up to 200,000 MMBtu per day for purposes of utilizing a maximum total firm, multi-cycle, storage service capacity of 5,000,000 MMBtu. The specific maximum daily injection quantity (the "MDIQ") and withdraw quantity (the "MDWQ") is as follows:

Month	Storage Account Balance (Start-of-Day) Equal to or Less than Half-Full		Storage Account Balance (Start-of-Day) Greater than Half-Full	
	MDIQ (Mmbtu's/day)	MDWQ (Mmbtu's/day)	MDIQ (Mmbtu's/day)	MDWQ (Mmbtu's/day)
April	50,000	50,000	50,000	50,000
May	25,000	50,000	25,000	50,000
June	50,000	50,000	50,000	75,000
July	50,000	50,000	50,000	100,000
Aug	50,000	50,000	50,000	100,000
Sept	50,000	50,000	50,000	100,000
Oct	50,000	50,000	50,000	100,000
Nov	100,000	75,000	100,000	200,000
Dec	100,000	75,000	100,000	200,000
Jan	100,000	75,000	100,000	200,000
Feb	100,000	50,000	100,000	150,000
Mar	50,000	50,000	50,000	100,000

- b. To effect the firm storage service provided by Transporter pursuant to this Agreement, Transporter shall provide Shipper with firm transportation service as described in Section 4(g) hereof.
- c. The storage and transportation services will be provided under Nicor's blanket certificate authorization obtained October 20, 1992, from the FERC in Docket No. CP92-481-000, and pursuant to Section 284.224 of the Federal Energy Regulatory Commission's (the "FERC's") rules and regulations and Nicor's General Terms and Conditions (the "General Terms and Conditions") as presently on file with the FERC and as may be amended hereafter.
- d. The storage and transportation services shall be subject to pre-granted abandonment upon expiration of the term of contract hereinafter set forth. ABC agrees not to oppose or prevent the unencumbered return of storage capacity to Nicor upon the expiration of such term of contract.

2. **No Contract Assignment.** Nicor and Shipper agree that neither party may assign this Agreement without the written consent of the other party; provided, however, that either party may assign this Agreement to any of its affiliates without the consent of the other party. Any such assignment shall not relieve the assigning party of its obligations under this Agreement. In addition, the parties acknowledge that an assignment of this Agreement may be subject to conditions or limitations imposed by the FERC, and the existence of such conditions or limitations shall not constitute a breach of this Agreement or cause for termination of this Agreement pursuant to Section 5(f) hereof.
3. **Term of Agreement.** Subject to Section 14, this Agreement shall commence the later of (i) April 1, 2002, or (ii) the in-service date for the Troy Grove expansion facilities as determined by Nicor, and shall extend for sixty consecutive months (the "Termination Date"), at which time Shipper shall have withdrawn from Transporter all volumes stored under this Agreement. This Agreement shall not be subject to automatic extension pursuant to Section 17.8 of the Hub General Terms and Conditions.
4. **Nature of Service.**
  - a. **Maximum Injection Quantity ("Injection MDQ").** The maximum daily rate for any injections of gas into Nicor's storage shall be up to 100,000 MMBtu (for exact maximum daily rate by month, see table in section 1(a)), provided that the total monthly injection quantity for any calendar month may not exceed the sum of the applicable MDIQ for each day of the calendar month.
  - b. **Maximum Withdrawal Quantity ("Withdrawal MDQ").** Subject to the limitations set forth in this Section 4, the maximum daily quantity of gas that may be withdrawn (the "MDWQ") shall be up to 200,000 MMBtu (for the exact maximum daily rate by month, see table in section 1(a)), provided that the total monthly withdrawal quantity may not exceed the sum of the applicable MDWQ for each day of the calendar month. Total cumulative withdrawals under this Agreement may not exceed the total quantity of gas provided in advance by ABC as injections.
  - c. Withdrawals during November through March shall be subject to the additional limitation during any period of 5 consecutive days:
    - Withdrawals limited to the sum of 85% of the MDWQ for each day during such any such 5 consecutive day period; and
    - No more than 3 consecutive days at the applicable MDWQ during any such 5 consecutive day period.
  - d. All gas shall be withdrawn from storage by the contract Termination Date. If ABC fails to withdraw all gas from storage by the end of the Termination Date, ABC shall be deemed to have purchased Parking and Lending Service from Nicor, and Nicor shall have the right to charge the maximum daily rate for parking and lending service as set forth in Nicor's FERC General Terms and Conditions, in addition to the Annual Charges, until all gas is withdrawn; provided if ABC's failure to withdraw is due to (a) Nicor's unexcused or unauthorized refusal to schedule a request for withdrawal, or (b) force majeure (which shall not include the failure of interruptible transportation or supplies or ABC's inability to find markets for such withdrawn gas or, as set forth in Transporter's General Terms and Conditions, any cause within the control of or caused by Shipper),

Nicor shall waive the additional storage charges solely with respect to such volumes for a period equal to the number of days that (i) Nicor refused to schedule the withdrawal or (ii) the duration of an event of force majeure.

- e. **Maximum Total Storage Quantity.** The maximum total quantity of gas which ABC may have in Nicor's storage at any time under this Agreement shall be 5,000,000 MMBtu.
- f. **Service Nominations.** No daily storage service nomination (injection or withdrawal) shall be accepted by Nicor hereunder without a corresponding pipeline transportation nomination having been confirmed by Nicor Gas for ABC. Storage service nominations hereunder must be effected solely through a regular pipeline transportation service nomination; Nicor shall have no obligation to accept service nominated under a late or intra-day nomination with the pipeline. ABC agrees to nominate and notify Nicor no later than 10:00 a.m. Central Standard Time the last business day prior to gas flow; provided, Shipper shall be entitled to the benefits of any additional scheduling flexibility contained in the General Terms and Conditions, as they may be amended from time to time after the execution of this Agreement.
- g. **Firm Transportation Service.** To effect the firm storage service provided by Transporter pursuant to this Agreement, Transporter shall provide Shipper firm transportation service utilizing the following primary in-path receipt and delivery points (the "Primary Point(s)"):

Primary Receipt Points	Maximum Receipts (MMBtus/day)
Natural Gas Pipeline Company of America ("NGPL")/Nicor Gas City Gate	100,000
Northern Border Pipeline Company ("NBPL")/Nicor City Gate	100,000

Primary Delivery Points	Maximum Deliveries (MMBtus/day)
NGPL/Nicor Gas City Gate (On Nicor Gas Critical Days, Deliveries will be restricted to the NGPL/Nicor Gas Troy Grove Delivery Point (NGPL Pin No. 9258))	200,000

Upon withdrawal of gas, Shipper shall be solely responsible for all transportation of withdrawal volumes from the Primary Points, and Shipper shall be solely responsible for all transportation of injection volumes to the Primary Receipt Points.

5. **Charges and Terms of Payment.**

- a. **Annual Charges.** The Shipper shall be obligated to pay an annual reservation amount of \$ \_\_\_\_\_ for this Firm Multi-Cycle Storage Service (the "Annual Charge"), and Nicor shall render bills, based on a combination of rates, selected at Nicor's sole discretion, up to its maximum reservations rates for firm storage and firm transportation services. The Annual Charge shall be inclusive of all charges for the storage and transportation services provided under this Agreement, including the applicable fuel charges described in Section 5(b)(ii) of this Agreement, but excluding fuel charges described in Section 5(b)(i) of this Agreement. Nicor will invoice ABC \$ \_\_\_\_\_ plus the applicable fuel cost per month for the sixty consecutive months beginning the later of April 1, 2002 or the first day of the month in which Nicor authorizes storage injections to first occur. Nicor shall have the right to charge, either currently or retroactively, any rate up to the maximum lawful firm storage and/or transportation rate for a month, or any fraction thereof, in order for Nicor to more fully achieve recovery of the Annual Charge hereunder, and in the event that Nicor is unable to collect in full the Annual Charge with respect to any year, Nicor shall have the right to carry any such uncollected amounts forward to subsequent years, subject to Nicor's maximum rates.. Additionally, in the event that FERC either approves or requires a change in the form, nature and/or level of Nicor's current maximum rates, then ABC agrees to pay up to such revised maximum rates, and/or restructure the underlying terms of this Agreement as may be necessary for Nicor to achieve recovery of up to the Annual Charge prescribed hereunder; provided in no event shall the cumulative Annual Charges paid by Shipper exceed 500% of the Annual Charge set forth in the first sentence of this Section 5(a).. In the event that Nicor is authorized to charge negotiated rates, the parties agree to amend this Agreement to establish negotiated rates which generate the Annual Charge for each year of this Agreement, including any shortfalls from prior years. In addition to the Annual Charge, which shall be exclusive of the fuel charge, ABC shall be obligated for any amounts owed by ABC pursuant to Section 5.12, (Charges for Unauthorized Use of Service), Section 5.13, (Monthly Imbalances -- Fees), and Section 10.4 (Tax Reimbursement) of the Nicor General Terms and Conditions, or any similar charges.
- b. **Fuel Charges.** Shipper shall be subject to Transporter's fuel charges, pursuant to Sections 2.13.2 and 2.14.2 of the General Terms and Conditions. Pursuant to such provisions and Section 5.10 of the General Terms and Conditions, Transporter hereby notifies Shipper that the furnishing of service hereunder will cause Transporter to incur incremental fuel for compression, and Shipper shall pay Transporter's fuel charges (i) on Nicor Gas Critical Days as defined in Nicor's Illinois Commerce Commission tariffs, and (ii) at such other times as Transporter shall notify Shipper in advance; provided, as set forth in Section 5(a), any fuel charges that are assessed pursuant this to Section 5(b)(ii) shall be included in the Annual Charge and shall not be separately payable by Shipper.
- c. **Charges for Unauthorized Use of Service.** In the event of any unauthorized

receipt or delivery of gas transportation or storage volumes hereunder, the Shipper shall be subject to the charges set forth in Section 5.12 of the General Terms and Conditions, such charge being in addition to all other maximum charges for such service as set forth in the General Terms and Conditions; provided, however, nothing herein shall prevent Transporter from waiving such charges, or any portion thereof, on a non-discriminatory basis.

- d. **Billing.** Billing shall follow the procedures set forth in Section 10 of the General Terms and Conditions, as in effect from time to time. For the purposes hereof, each invoice, and any notices to ABC in connection therewith, shall be mailed to the person specified below:

ABC Company  
Attn: Person  
Phone: 0 -  
Fax: 0 -

ABC shall notify Nicor of any change of address or designated person for the purposes hereof.

- e. **Payment.** Payment shall follow the procedures set forth in Section 10 of the General Terms and Conditions, as in effect from time to time.
- f. **Termination.** In the event of a material breach of this Agreement, the non-breaching party shall, in addition to all other remedies available at law or in equity, have the right to terminate this Agreement, if said breach has not been cured within thirty (30) days of written notice thereof. In the event that following the execution of this Agreement, any legal decision, administrative ruling, material change in any applicable federal, state or local law, statute, or regulation, or any change in the General Terms and Conditions required by one of the listed events ("Trigger Event") makes the performance of this Agreement under the then current terms and conditions unduly burdensome, then, without any liability to the other party, the affected party shall have the right to terminate this Agreement upon the giving of thirty (30) days advance written notice, specifying the circumstance and the burden of any such Trigger Event; provided, the affected party shall not have termination rights with respect to any Trigger Event which (i) it proposed or requested, or (ii) in the case of any administrative ruling in a docket involving Transporter or Shipper or change in the General Terms and Conditions of Transporter, it did not oppose. The party receiving such notice shall have fifteen (15) days in which to contest such termination. In the event of a termination of this Agreement pursuant to a breach by Shipper, Shipper shall be obligated to remove all gas from storage within [sixty (60)] days pursuant to a schedule selected by Transporter, in the exercise of its sole discretion, at the end of which period any remaining volumes shall be subject to Section 5.12 of the General Terms and Conditions, without prejudice to any other rights of Transporter. In the event of a termination of this Agreement pursuant to a breach by Transporter, then Shipper shall have the right to designate a withdrawal schedule consistent with the terms of this Agreement. In the event of a termination of this Agreement pursuant to a Trigger Event, Transporter and Shipper shall, in good faith, establish a withdrawal schedule for the return of any remaining gas volumes in storage; provided

that any withdrawal schedule shall be consistent with, and result in timely compliance with, the Trigger Event. It is the intention of the parties that all gas in storage be returned to Shipper, except as required to secure payment by Shipper for any amounts owed by Shipper under this Agreement, including the General Terms and Conditions.

**6. Financial Responsibility**

- a. When reasonable grounds for insecurity of payment or performance on the part of Shipper or Shipper's guarantor arises, Transporter may demand adequate assurance of performance. Adequate assurance shall mean sufficient security in the form and for the term reasonably specified by Transporter, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset acceptable to Transporter or a performance bond or additional guarantees by a creditworthy entity. In the event that Shipper shall (i) make an assignment or any general arrangement for the benefit of creditors; (ii) default in any payment or performance obligations to Transporter, (iii) file a petition or otherwise commence, authorize or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iv) otherwise become bankrupt or insolvent (however evidenced); (v) fails to provide adequate assurance to Transporter within forty-eight hours of request; or (vi) be unable to pay its debts as they fall due; then Transporter shall have the right to either withhold and/or suspend deliveries or payment, or terminate this Agreement without prior notice, in addition to any and other remedies available hereunder. Transporter may immediately suspend deliveries to Shipper hereunder in the event Shipper has not paid any amount due Transporter hereunder on or before the second day following such date payment is due.
  - b. Transporter reserves to itself all rights, set-offs, counterclaims, and other defenses which it is or may be entitled to arising from this Agreement, including the rights set forth in Section 5.15 of the General Terms and Conditions.
  - c. Shipper agrees that Transporter retains a purchase money security interest in, and Shipper grants to Transporter a secured lien on, Shipper's right, title, and interest in all gas currently held in storage by Shipper under any existing agreement between Shipper and Transporter until all applicable invoices under this Agreement are paid in full. Shipper further agrees that Transporter may use this Agreement, as well as any applicable invoices, as a financing statement for perfecting this interest.
7. NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT WHICH MAY BE TO THE CONTRARY, NEITHER PARTY, NOR ITS OFFICERS, EMPLOYEES, AGENTS, PARTNERS, AFFILIATES OR SUBCONTRACTORS, SHALL BE LIABLE FOR CLAIMS FOR INCIDENTAL, INDIRECT, CONSEQUENTIAL OR OTHER SPECIAL DAMAGES, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOSS OF PROFITS, LOSS OR USE OF REVENUE, LOSSES BY REASON OF COST OF CAPITAL CONNECTED WITH OR RESULTING FROM ANY PERFORMANCE OR LACK OF PERFORMANCE HEREUNDER, REGARDLESS OF WHETHER A CLAIM IS BASED IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), THEORY OF STRICT LIABILITY OR ANY OTHER LEGAL OR EQUITABLE PRINCIPAL.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, SHIPPER



AGREES THAT NICOR'S COLLECTIVE CUMULATIVE LIABILITY UNDER THIS AGREEMENT WHETHER FOR BREACH OF CONTRACT, IN TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE AND STRICT LIABILITY), OR OTHERWISE, SHALL BE LIMITED STRICTLY TO AND SHALL UNDER NO CIRCUMSTANCES EXCEED THE TOTAL AMOUNT OF PAYMENTS PAID TO NICOR HEREUNDER; PROVIDED IN THE EVENT THE AGREEMENT IS TERMINATED DUE TO A BREACH BY NICOR AND NICOR PROCEEDS TO RESELL THE STORAGE SERVICE CONTRACTED TO SHIPPER HEREUNDER, SHIPPER ALSO SHALL BE ENTITLED TO ALL AMOUNTS RECEIVED BY NICOR FOR THE RESALE OF OF THE STORAGE SERVICE CONTRACTED HEREUNDER WHICH EXCEED THE AMOUNTS THAT SHIPPER WOULD HAVE PAID FOR SUCH SERVICE.

8. **Confidential Information.** Information transmitted to, and knowledge gained by, Shipper during the performance of the services under this Agreement by Nicor may be valuable and proprietary, and misuse or disclosure could cause substantial damage to Nicor; therefore, any and all non-public information acquired by Shipper during the performance of such services, including, but not limited to, information regarding the nature of this service, nominated volumes, nominated receipt and delivery points and storage injection and withdrawal volumes, shall be held in strict confidence by Shipper, its employees or agents, and used or disclosed only in connection with the purposes of this Agreement or as required under applicable law.

9. **ARBITRATION:**

- a. The parties shall to the extent they are involved in a dispute relating to this Agreement, use their best efforts to resolve it informally by good faith negotiations. Any such dispute that cannot be resolved shall be submitted to binding arbitration by a panel comprised of three arbitrators.
- b. Any matter subject to arbitration hereunder shall be submitted in accordance with the Rules of Commercial Arbitration of the AAA then in effect. It is understood and agreed that the references in this Article to the rules of the AAA shall signify only the parties' agreement to utilize such rules where appropriate, and not the parties' agreement to utilize the full services of the AAA.
- c. An arbitration shall be deemed initiated when a party receives written notice thereof from another party ("Notice of Arbitration").
- d. The dispute that is the subject of an arbitration shall be decided by a panel of three neutral arbitrators, qualified by education, training and experience to hear the dispute (Arbitral Panel"). The party initiating the arbitration shall name the first arbitrator at the time of its Notice of Arbitration. The responding party shall name a second arbitrator within fifteen (15) days of receiving the above notice. Within twenty days (20) of the appointment of the second arbitrator, the two arbitrators shall select a third arbitrator to act as chairman of the tribunal. If a party fails to appoint an arbitrator within the allotted time, or the two party-appointed, neutral arbitrators fail to appoint a third arbitrator as provided above, the AAA shall appoint the arbitrator(s). Any vacancies in the Arbitral Panel will be filled in accordance with the above procedure.
- e. The arbitration shall be held in the state of Illinois. The Arbitral Panel shall apply the